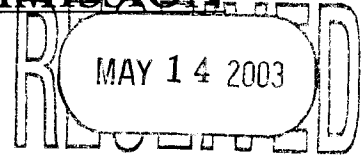


ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ARIZONA CORPORATION
COMMISSION

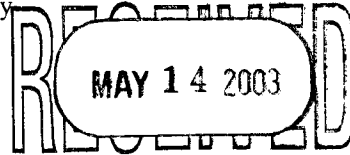


ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



W-02514A
Quail Creek Water Company
9532 East Riggs Road
Sun Lakes AZ 852487411

ARIZONA CORPORATION
COMMISSION



Director of Utilities

ANNUAL REPORT

*Entered
5/15/03
Cym.*

FOR YEAR ENDING

12	31	2002
-----------	-----------	-------------

FOR COMMISSION USE

ANN 03	02
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20 MAY 2003

OK

COMPANY INFORMATION

Company Name (Business Name) Quail Creek Water Company Inc

Mailing Address 9532 E Riggs Road

Sun Lakes (Street) Arizona 85248
(City) (State) (Zip)

(480) 895-9200 (480) 895-4347
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address 1425 N Quail View

Green Valley (Street) Arizona 85614
(City) (State) (Zip)

(520) 825-3423 (520) 825-0712 (520) 932-5887
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: James Poulos General Manager
(Name) (Title)

9532 E Riggs Road Sun Lakes Arizona 85248
(Street) (City) (State) (Zip)

(480) 895-9200 (480) 895-4347
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Ed Baker
(Name)

40,004 S Ridgeview Blvd. Tucson Arizona 85739
(Street) (City) (State) (Zip)

(520) 825-5515 (520) 825-0712 (520) 932-5887
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

Statutory Agent: EC Services Corporation
(Name)

3003 N Central Ave. #2600
(Street)

Phoenix
(City)

Arizona
(State)

85012-2913
(Zip)

(602) 916-5000

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

Attorney: Marty Aronson
(Name)

One E Camelback
(Street)

Phoenix
(City)

Arizona
(State)

85012
(Zip)

(602) 263-2972

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) _____

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☒ PIMA

☐ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

☐ STATEWIDE

COMPANY NAME

Quail Creek Water Company Inc.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization			
302	Franchises	37,295	20,761	16,534
303	Land and Land Rights	92,895	-0-	92,895
304	Structures and Improvements			
307	Wells and Springs	169,471	92,606	76,865
311	Pumping Equipment	97,206	73,257	23,949
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	188,737	63,347	125,390
331	Transmission and Distribution Mains	636,465	186,173	450,292
333	Services	60,847	3,171	57,676
334	Meters and Meter Installations	3,109	1,846	1,263
335	Hydrants	50,719	10,822	39,897
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	6,000	6,000	-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	27,625	3,079	24,546
	TOTALS	1,370,369	461,062	909,307

This amount goes on the Balance Sheet Acct. No. 108



COMPANY NAME

Quail Creek Water Company Inc.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises	37,295	.04	1,491
303	Land and Land Rights	92,895		-0-
304	Structures and Improvements			
307	Wells and Springs	169,471	.04	6,785
311	Pumping Equipment	97,206	.0516	5,013
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	188,737	.025	4,731
331	Transmission and Distribution Mains	636,465	.021	13,199
333	Services	60,847		-0-
334	Meters and Meter Installations	3,109	.0187	58
335	Hydrants	50,719	.0153	778
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment			
341	Transportation Equipment	6,000		-0-
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	27,625	.038	1,043
	TOTALS	1,370,369		33,098

This amount goes on Comparative Statement of Income and Expense _____
 Acct. No. 403.

COMPANY NAME

Quail Creek Water Company Inc

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 152,664	\$ 58,007
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	18,334	33,056
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		776
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 170,998	\$ 91,839
	FIXED ASSETS		
101	Utility Plant in Service	\$ 1,089,857	\$ 1,370,369
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	427,964	461,062
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 661,893	\$ 909,307
	TOTAL ASSETS	\$ 832,891	\$ 1,001,146

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME

Quail Creek Water Company Inc

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 2,269	\$ 10,937
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies	544	
235	Customer Deposits		
236	Accrued Taxes	1,799	2,558
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	66,865	112,292
	TOTAL CURRENT LIABILITIES	\$ 71,477	\$ 125,787
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$	\$
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$	\$
	TOTAL LIABILITIES	\$ 71,477	\$ 125,787
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 3,500	\$ 3,500
211	Paid in Capital in Excess of Par Value	695,896	695,896
215	Retained Earnings	62,018	175,963
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 761,414	\$ 875,359
	TOTAL LIABILITIES AND CAPITAL	\$ 832,891	\$ 1,001,146

COMPANY NAME

Quail Creek Water Company Inc.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 129,159	\$ 188,691
460	Unmetered Water Revenue		
474	Other Water Revenues	5,994	12,483
	TOTAL REVENUES	\$ 135,153	\$ 201,174
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 18,070	\$ 20,646
610	Purchased Water		
615	Purchased Power	9,322	13,727
618	Chemicals		
620	Repairs and Maintenance	5,278	3,736
621	Office Supplies and Expense		
630	Outside Services		950
635	Water Testing	4,998	2,795
641	Rents		
650	Transportation Expenses		
657	Insurance – General Liability	1,896	2,330
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	2,443	5,046
403	Depreciation Expense	33,098	33,098
408	Taxes Other Than Income		
408.11	Property Taxes	6,810	4,574
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 81,915	\$ 86,902
	OPERATING INCOME/(LOSS)	\$ 53,238	\$ 114,272
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense		327
	TOTAL OTHER INCOME/(EXPENSE)	\$	\$ 327
	NET INCOME/(LOSS)	\$ 53,238	\$ 113,945

COMPANY NAME

Quail Creek Water Company Inc.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued				
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$	\$	\$	\$
Amount Outstanding	\$	\$	\$	\$
Date of Maturity				
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$	\$	\$	\$

Meter Deposit Balance at Test Year End

\$ 108,363

Meter Deposits Refunded During the Test Year

\$ 10,397

COMPANY NAME

Quail Creek Water Company Inc.

WATER COMPANY PLANT DESCRIPTION**WELLS**

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-608597	75	425	459	16	8	1952
55-608522	125	675	2,000	20	8	1974

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
		28	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
750,000	1		

COMPANY NAME

Ouail Creek Water Company Inc.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2		
3		
4		
5		
6	PVC	17,558
8	PVC	2,441
10		
12	PVC	18,587
6	DIP	269
21	Transite	4,225

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	375
1	91
1 1/2	3
2	3
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	303	2,523,930	2,561
FEBRUARY	311	2,177,520	2,601
MARCH	322	2,325,880	2,406
APRIL	326	2,847,120	2,877
MAY	332	2,346,030	2,416
JUNE	375	4,663,360	8,560
JULY	377	5,832,626	3,724
AUGUST	401	3,000,707	3,150
SEPTEMBER	422	4,387,258	4,946
OCTOBER	423	4,032,624	3,806
NOVEMBER	439	3,507,790	3,702
DECEMBER	459	2,834,851	3,257
TOTAL		N/A	44,006

40479696 cm

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes ☐ No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. see below mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

Well #11 <.003 PPM

Well #13 <.003 PPM

COMPANY NAME Quail Creek Water Company Inc.

YEAR ENDING 12/31/2002

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 5,711.28

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Quail Creek Water Company Inc.

YEAR ENDING 12/31/2002

INCOME TAXES

For this reporting period, provide the following: Year ended 12/31/01

Federal Taxable Income Reported	<u>11,083</u>
Estimated or Actual Federal Tax Liability	<u>1,662</u>

State Taxable Income Reported	<u>11,133</u>
Estimated or Actual State Tax Liability	<u>776</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>-0-</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>-0-</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.



SIGNATURE05/14/03**DATE**James L. Poulos**PRINTED NAME**General Manager**TITLE**

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)	<u>Maricopa</u>
NAME (OWNER OR OFFICIAL) TITLE	<u>Brian J. Smith - Controller</u>
COMPANY NAME	<u>Quail Creek Water Company</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2002</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 213,133

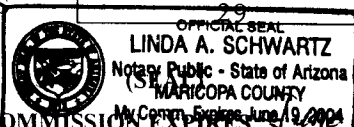
(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 15,221
IN SALES TAXES BILLED, OR COLLECTED

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 29 DAY OF



MY COMMISSION EXPIRES June 19, 2004

Brian J. Smith
SIGNATURE OF OWNER OR OFFICIAL
(480) 895-9200
TELEPHONE NUMBER

COUNTY NAME	
<u>Maricopa</u>	
MONTH	<u>April</u> <u>20</u> <u>03</u>
<u>Linda A. Schwartz</u> SIGNATURE OF NOTARY PUBLIC	

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY**

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Maricopa	
NAME (OWNER OR OFFICIAL) Brian J. Smith	TITLE Controller
COMPANY NAME Quail Creek Water Company	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.


SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES
\$ 147,130

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9,792
IN SALES TAXES BILLED, OR COLLECTED

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

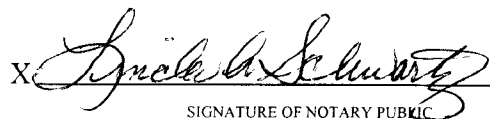
29

DAY OF



MY COMMISSION EXPIRES June 19, 2004

NOTARY PUBLIC NAME Linda A. Schwartz	
COUNTY NAME Maricopa	
MONTH April	. 20 03


SIGNATURE OF NOTARY PUBLIC

19

2101 30429313B9.38407,38500,313A0

Bank One Arizona, NA
201 N Central Ave Dept 383
Phoenix, AZ 85038

91-2/1221

300297

QUAIL CREEK WATER COMPANY 931.63.90104

9532 E Riggs Rd
Sun Lakes, AZ 85248-7411

Date	Amount
04/19/02	\$*****3,405.14

Pay

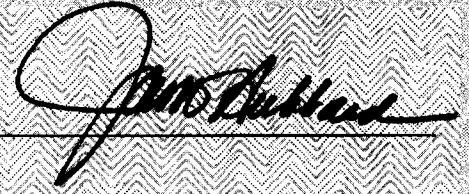
THREE THOUSAND FOUR HUNDRED FIVE AND 14/100 *****

Dollars

To
The
Order
Of

PIMA COUNTY TREASURER

115 N CHURCH AVE
TUCSON AZ 85701-1130



SIGNATURE HAS A COLORED BACKGROUND • BORDER CONTAINS MICROPRINTING

⑈300297⑈ ⑆122100024⑆0841 5331⑈

⑈0000340514⑈

SHOWN IN THE ENDORSEMENT AREA SEE BELOW FOR ADDITIONAL SECURITY FEATURES

ENDORSE HERE

U.S. PATENT NO. 5538290/5575508/5641183

FOR DEPOSIT ONLY
TO THE CREDIT OF
BETH FORD
PIMA COUNTY TREASURER
PIMA COUNTY, ARIZONA

1. AREA OF PINK IN THE FACSIMILE OF THE SIGNATURE AND THE SEAL SHOWN IN THE ENDORSEMENT AREA INDICATES THAT THE CHECK IS FAUDULENT
2. PINK COLOR WILL DISAPPEAR WHEN RUBBING THUMB ACROSS FINGERPRINT OR SEAL

DO NOT WRITE STAMP OR SIGN BELOW • RESERVED FOR FINANCIAL INSTITUTION USE

0010 00081

MAY -9 02

BANK OF AMERICA NA TFE
#1221017064 E3049 90 R18
05/09/02

THIS CHECK ALSO CONTAINS THE FOLLOWING SECURITY FEATURES:

1. MICRO PRINTING ON EDGES OF FACE AND BACK
2. LOOK FOR - FINGERPRINT SECURITY ENGRAVING
3. Each of check has a COLORED BACKGROUND
4. Bank One Arizona is the same background and color as shown in the end of the check
5. Bank One Arizona is the same background and color as shown in the end of the check
6. Amount line on face contains a different background than the signature

1. AREA OF PINK IN THE FACSIMILE OF THE SIGNATURE AND THE SEAL SHOWN IN THE ENDORSEMENT AREA INDICATES THAT THE CHECK IS FAUDULENT
2. PINK COLOR WILL DISAPPEAR WHEN RUBBING THUMB ACROSS FINGERPRINT OR SEAL

DO NOT WRITE STAMP OR SIGN BELOW • RESERVED FOR FINANCIAL INSTITUTION USE

